

(The remarks of Mr. WARNER pertaining to the introduction of S. 496 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

#### THE MEXICAN PESO

Mr. BENNETT. Mr. President, I rise to discuss a situation that has been before us in the Chamber previously.

We were all caught with some surprise earlier this year when the Secretary of the Treasury and the Chairman of the Federal Reserve Board came before a group of Members of Congress, House and Senate combined, to tell us of the crisis in Mexico and to ask for our support for a proposal to extend \$40 billion in loan guarantees to the Mexicans.

My initial reaction to that proposal was one of support, as were the reactions of the leadership of both parties in both Houses. Mexico is enormously important to the United States, economically and culturally. In addition, if we want to become crass about it, there are some 750,000 American jobs that are in jeopardy if the Mexican economy should collapse. It made sense for the United States to do what it could to reach out to the Mexicans and try to support their economy, and I supported the administration's request.

As we got into the details of the deal, however, it became clear to me, as it did to a number of other Members of Congress, that the \$40 billion loan guarantee was not a good deal, and we advised the Treasury of that. We urged them to come up with some alternative proposals, and they did. To their credit, they listened to the Congress and they proposed the second deal which I stood on this floor and endorsed in principle. It involved \$15 billion from the Exchange Stabilization Fund and \$5 billion under control of the Federal Reserve for a total of \$20 billion in American money and the rest from international sources.

I praised that deal because it increased the participation to include other governments besides our own, and it injected the expertise of the Federal Reserve Board into this circumstance which was not directly the situation previously.

I was forced to come to the floor to express some reservations in a later speech about how this deal was being put together. When it was finally announced and the specifics were signed in the White House, I was shocked, and quoted as being shocked in the national press, by the statement by the Mexican Minister of Finance, Mr. Ortiz, who said we will use this money to shore up our banks, to put more capital into the Mexican banks. That was not what I had understood the deal was going to be. I said I hope it works, but I still think the thing we should do is to get the Federal Reserve Board involved in extinguishing pesos.

Well, Mr. President, Mexico is back in the headlines with the news of the

arrest of President Salinas' brother, the accusation being that he profited improperly and enormously from the privatization program that went on under President Salinas, and then the occasion of his arrest on the accusation that he had a hand in the political assassinations that took place in Mexico that helped upset the stability of that nation.

I had dinner just the other evening of this week with people who are doing business in Mexico who say that the economic conditions there are worse than they were in 1981. For those who may not remember the 1981 devaluation, the peso prior to that devaluation was trading at 3 to the dollar. By the time they finally eliminated that peso and replaced it with the new pesos, it was 3,000 to the dollar. And again I say, people doing business in Mexico now are saying it is worse than it was in 1981.

The Mexican Government is still printing pesos as if they had not learned the lessons of 1981 and the lessons of the recent devaluation. I see no action on our part by the Federal Reserve Board to try to extinguish pesos. Perhaps that is logical. If the Mexicans are going to continue to print them, the Federal Reserve Board obviously should not be involved in trying to soak them up.

More in sorrow than anger, I come to the floor now to say it is my opinion that this attempt, well meaning and one which I supported, to aid the Mexicans in their hour of great distress is failing. I stand ready, if the Treasury is interested, to make continued recommendations as to what might be done. But I hear these stories about the assassinations, the breakdown of Mexican political institutions, and the information that the central bank and the Mexican Government are continuing to print pesos, and I find myself distressed and discouraged at the prospect. It is not a pleasant one. If our neighbors immediately to the south go back into the abyss of the economic disasters that they went through in 1981, it is not just they who will suffer; we in this country will suffer, and I am filled, as I say, with distress and anguish that the American attempt to help them for whatever reason has failed.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I ask that I be permitted 2 or 3 minutes to say to my distinguished colleague from Utah that I wish to associate myself with the remarks he has just completed. I have been counseling with him some several weeks now on this subject, and I would like the Senate to know how much time the distinguished Senator from Utah has devoted to independent analysis and research of this subject. I, too, from the very beginning was deeply concerned with the propriety and the manner in which the United States addressed this issue. To date,

I have not been able to ascertain enough facts to enable this Senator to reach a final conclusion. However, I am concerned that the actions that our Government has taken will benefit many people who were involved in this transaction from the beginning for purpose of making unusual profits as a consequence of the high interest rates involved.

I also regret that Congress did not become more involved, that time was not permitted to allow hearings so that we could have had a better understanding of the facts. I firmly believe that Congress should have participated in making the decision on this important matter.

I will continue to work with my distinguished colleague from Utah and others to assess this situation in hopes that someday we can provide for the American people and others a complete set of facts as to how this crisis occurred, how it was addressed, and who was to profit and who was to lose.

We have all expressed our compassion and concern about the people of Mexico. Indeed, there is no one who does not feel a desire to help them. That was expressed by the recent action of the Congress, and indeed the President, in certain trade agreements. However, this particular situation still has a large element of mystery that must be resolved in a manner that the American people fully understand.

I thank my colleague.

I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I ask unanimous consent that I may speak out of order and that I may speak for not to exceed 30 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE SENATE AND THE CONSTITUTION

Mr. BYRD. Mr. President, I have come to the floor and waited because other Senators wanted to speak, and they were conforming themselves to the order providing that Senators may be permitted to speak for not to exceed 5 minutes. I did not want to attempt to go ahead of anyone who had been waiting. I believe the time has come, now, when I will not be imposing on other Senators who have wished to speak.

I was also told that the distinguished majority leader wanted to come to the floor. I talked with the assistant majority leader and he indicated that he felt Senators would soon have completed speaking so that I would have more time.

Mr. President, Kipling was a great British poet. One of his great pieces of poetry is "The Heritage." If I may at this moment just recall a couple of verses of "The Heritage."

Our fathers in a wondrous age,  
Ere yet the Earth was small,  
Ensured to us an heritage,  
And doubted not at all